

## Message Text

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41

ORIGIN L-03

INFO OCT-01 AF-10 PM-09 ADP-00 SS-15 IGA-02 ABF-01 INR-10

NSC-10 CIAE-00 NSAE-00 DODE-00 TRSE-00 OMB-01 RSC-01

CU-04 /067 R

DRAFTED BY L/ PM: JHMICHEL: PCS

APR 19 - 73

APPROVED BY AF/ RA: LTC TLGRIFFIN

L/ T- MISS HURLEY ( DRAFT)

DOD/ GC- MR. COHEN ( DRAFT)

PM/ MAS- MR. MADDENAF/ N: MR. ODELL

AF/ RA- MR. NAVEZPM/ PA: CAPT COCHRANE

J-5- CAPT CONNELLY

DSAA- MR. DENNEHY

ISA/ SA- MR. DICK

OASD/ ISA- LTC STEPP

----- 125946

P 201611 Z APR 73

FM SECSTATE WASHDC

TO AMEMBASSY KHARTOUM PRIORITY

INFO USCINCEUR

C O N F I D E N T I A L STATE 074632

E. O. 11652: GDS

TAGS: MASS: SU

SUBJECT: TEN PERCENT DEPOSIT OF VALUE OF MILITARY  
ASSISTANCE

REF: STATE 074623

CINCEUR ALSO FOR POLAD

1. SECTION 514 OF FOREIGN ASSISTANCE ACT, AS AMENDED BY  
FOREIGN ASSISTANCE ACT OF 1971, PROHIBITS GRANT OF MILI-  
TARY ASSISTANCE TO A FOREIGN COUNTRY UNLESS THE COUNTRY  
AGREES:

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- (A) TO DEPOSIT IN A SPECIAL USG ACCOUNT LOCAL CURRENCY IN AMOUNT EQUAL TO 10 PER CENT OF ASSISTANCE FURNISHED; AND
- (B) TO ALLOW USG TO USE SUCH DEPOSITS TO PAY ANY USG OFFICIAL COSTS PAYABLE IN LOCAL CURRENCY, INCLUDING COSTS RELATING TO THE FINANCING OF INTERNATIONAL EDUCATIONAL AND CULTURAL EXCHANGE ACTIVITIES UNDER THE MUTUAL EDUCATIONAL AND CULTURAL EXCHANGE ACT OF 1961.

EXCEPTIONS ARE PERMITTED FOR COUNTRIES THAT PROVIDE US BASE RIGHTS IN EXCHANGE FOR MILITARY ASSISTANCE AND ALSO FOR EXCESS CURRENCY COUNTRIES. NEITHER OF THESE EXCEPTIONS IS APPLICABLE TO SUDAN.

2. AFTER ENACTMENT OF ABOVE- DESCRIBED STATUTORY REQUIREMENT LAST YEAR, IMPLEMENTING AGREEMENTS WERE CONCLUDED WITH THEN CURRENT MAP RECIPIENTS IN ORDER TO PERMIT CONTINUATION OF ONGOING PROGRAMS. SINCE SUDAN MAP HAD BEEN TERMINATED PRIOR TO THIS NEW REQUIREMENT, IT WILL NOW BE NECESSARY TO CONCLUDE AGREEMENT IN ORDER TO INITIATE MAP TRAINING PROGRAM FOR SUDAN.

3. EMBASSY IS REQUESTED TO EXPLAIN TO GOS THAT ABOVE- DESCRIBED STATUTORY REQUIREMENT IS APPLICABLE TO MAP RECIPIENTS GENERALLY AND EMBASSY IS AUTHORIZED TO ENTER INTO UNCLASSIFIED EXCHANGE OF NOTES IMPLEMENTING THAT REQUIREMENT. FYI. ONLY EXCEPTIONS IN AFRICA ARE ETHIOPIA, WHICH IS EXEMPTED BY PROVISION IN STATUTE RELATING TO BASE AGREEMENTS, AND MOROCCO AND TUNISIA, WHICH ARE EXCESS CURRENCY COUNTRIES. END FYI.

4. THERE FOLLOWS TEXT OF NOTE CONFORMING TO TERMS AGREED TO BY VIRTUALLY ALL MAP RECIPIENTS, WHICH EMBASSY IS AUTHORIZED TO DELIVER TO GOS. BECAUSE LOCAL CURRENCY DEPOSIT REQUIREMENT IS IMPOSED BY STATUTE, THERE IS LITTLE ROOM FOR DEPARTURE FROM THIS TEXT. IF GOS DESIRES ANY SPECIFIC CHANGES, PRIOR WASHINGTON APPROVAL WILL BE REQUIRED. TEXT OF NOTE FOLLOWS:

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" THE EMBASSY OF THE USA PRESENTS ITS COMPLIMENTS TO

THE MINISTRY OF FOREIGN AFFAIRS OF THE GOVERNMENT OF THE DEMOCRATIC REPUBLIC OF THE SUDAN AND HAS THE HONOR TO REFER TO RECENT DISCUSSIONS REGARDING THE UNITED STATES FOREIGN ASSISTANCE ACT OF 1971, WHICH INCLUDES A PROVISION REQUIRING PAYMENT TO THE USG IN SUDANESE POUNDS OF TEN PERCENT OF THE VALUE OF GRANT MILITARY ASSISTANCE PROVIDED BY THE U. S. TO THE GOVERNMENT OF SUDAN.

" IN ACCORDANCE WITH THAT PROVISION, IT IS PROPOSED THAT THE GOVERNMENT OF SUDAN WILL DEPOSIT IN AN ACCOUNT TO BE SPECIFIED BY THE USG AN AMOUNT EQUAL TO TEN PERCENT OF EACH GRANT IN SUDANESE POUNDS OF MILITARY ASSISTANCE TO THE GOVERNMENT OF SUDAN. DEPOSITS SHALL BE AT A RATE OF EXCHANGE WHICH IS NOT LESS FAVORABLE TO THE USG THAN THE BEST LEGAL RATE AT WHICH U. S. DOLLARS ARE SOLD BY AUTHORIZED DEALERS IN THE SUDAN FOR SUDANESE POUNDS ON THE DATE DEPOSITS ARE MADE.

THE GOVERNMENT OF SUDAN WILL BE NOTIFIED QUARTERLY OF GRANT MILITARY ASSISTANCE AND THE VALUE THEREOF. DEPOSITS TO THE ACCOUNT OF THE USG WILL BE DUE AND PAYABLE UPON REQUEST OF THE USG, WHICH REQUEST SHALL BE MADE, IF AT ALL, WITHIN ONE YEAR FOLLOWING THE AFORESAID NOTIFICATION.

" IT IS FURTHER PROPOSED THAT THE AMOUNTS TO BE DEPOSITED MAY BE USED TO PAY ALL OFFICIAL COSTS OF THE USG PAYABLE IN SUDANESE POUNDS, INCLUDING BUT NOT LIMITED TO ALL COSTS RELATING TO THE FINANCING OF INTERNATIONAL EDUCATIONAL AND CULTURAL EXCHANGE ACTIVITIES UNDER PROGRAMS AUTHORIZED BY THE UNITED STATES MUTUAL EDUCATION AND CULTURAL EXCHANGE ACT OF 1961.

" IT IS FINALLY PROPOSED THAT THE MINISTRY' S REPLY STATING THAT THE FOREGOING IS ACCEPTABLE TO THE GOVERNMENT OF SUDAN, SHALL, TOGETHER WITH THIS NOTE, CONSTITUTE AN AGREEMENT BETWEEN OUR GOVERNMENTS ON THIS SUBJECT EFFECTIVE FROM AND AFTER THE DATE OF  
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THE MINISTRY' S REPLY."

5. EMBASSY SHOULD BE AWARE THAT EXPENDITURE BY USG AGENCIES OF LOCAL CURRENCY DEPOSITED UNDER THIS AGREEMENT WILL BE SUBJECT TO THE AVAILABILITY OF

APPROPRIATIONS. IT WILL HAVE TO BE PURCHASED FROM  
TREASURY WITH APPROPRIATED DOLLARS, LIKE ANY OTHER  
FOREIGN CURRENCY ACQUISITION. FURTHER INSTRUCTIONS ON  
ANNUAL BILLING, MAINTENANCE AND USE OF LOCAL CURRENCY  
ACCOUNT, REPORTING REQUIREMENTS, ETC. WILL BE FORWARDED  
SEPARATELY.

6. PLEASE ADVISE DEPT BY TELEGRAM IF GOS UNWILLING  
TO AGREE TO MAKE DEPOSITS SO THAT, IN THAT EVENT,  
MAP FUNDS CAN BE REALLOCATED AND TRAINING PLANS  
REVISED. OTHERWISE, IF AGREEMENT CONCLUDED, ORIGINAL  
OF GOS NOTE AND CERTIFIED COPY OF EMBASSY NOTE SHOULD  
BE SUBMITTED TO DEPT ( L/ T) FOR PUBLICATION AND  
TRANSMITTAL TO CONGRESS IN ACCORDANCE WITH US LAW. PORTER

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* CONFIDENTIAL

## Message Attributes

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**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
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**Copy:** SINGLE  
**Draft Date:** 20 APR 1973  
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**Disposition Approved on Date:**  
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**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Disposition Reason:**  
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**Executive Order:** GDS  
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**Secure:** OPEN  
**Status:** <DBA CORRECTED> jms 980128  
**Subject:** TEN PERCENT DEPOSIT OF VALUE OF MILITARY ASSISTANCE  
**TAGS:** MASS, SU  
**To:** KHARTOUM  
USCINCEUR  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005